

REQUEST FOR COUNCIL ACTION

Meeting
Date 04/07/03

AGENDA SECTION Rochester Public Utilities	ORIGINATING DEPT: Consent Agenda	ITEM NO. D-25
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ITEM DESCRIPTION: Consideration of Public Utility Board Action	PREPARED BY: Kathy Wilson
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The Rochester Public Utility Board has approved the following on March 25, 2003 and requests the Common Council's favorable consideration:

- to approve a resolution to approve the additional scope and associated costs based on final design and the delay of construction and commercial operation to the two engineering services agreements with Stanley Consultants, Inc. for the Engineering Services Contract for Silver Lake Modifications to Provide Steam and the Engineering Services Contract for the Steam and Condensate Project. All work to be performed on a time and material basis which will not exceed a total amount of \$1,198,135.00 for both contracts.
- to approve a resolution to approve a 4% increase in water revenue rates effective April 8, 2003.
- to recommend that the Council approve the implementation of a community fire protection charge of \$1.00 per customer per month for residential customers, and \$2.00 per customer per month for commercial/industrial customers.
- to approve a resolution to approve the following rate schedules effective April 8, 2003:

Residential Service (RES)
Residential Service – High Efficiency HVAC (RES-HEF)
General Service (GS)
General Service Time-Of-Use (GS-TOU)
Medium General Service (MGS)
Medium General Service Time-Of-Use (MGS-TOU)
Purchased Power Adjustment Clause (PPAC)

GENERAL MANAGER:

Jany Koshin 3/27/03

COUNCIL ACTION:	Motion by: _____	Second by: _____	to:
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FOR BOARD ACTION

Agenda Item # 5

Meeting Date:

3/25/03

SUBJECT:

Change Orders #4, #5 and #6
RPU- Mayo Steam Export Project
Stanley Consultants, Inc.

PREPARED BY:

Wally Schlink, Manager of Power Production

ITEM DESCRIPTION:

Background: At the July 31, 2001 Board Meeting, the Utility Board approved two professional services contract agreements with Stanley Consultants, Inc. to provide engineering services for the RPU-Mayo Steam Supply project. At the March 26, 2002 Board Meeting, the Utility Board approved additional professional services to be added to the contracts for expanded scope items that were identified during the early portion of the design engineering process. The approved expanded items brought the total approved amount of the contracts to \$902,500

The contract agreements were broken down to cover the two sub-projects that make up the Mayo project. The first being the Silver Lake Plant Project that includes the modifications and revisions to the Silver Lake Plant. The second consisting of the Steam and Condensate Project which includes the steam delivery piping and condensate return systems that connect the two facilities.

Since that approval, staff has been working diligently to procure the required permits to begin construction but the process has negatively impacted the schedule and some related costs. Originally the project was scheduled to be completed and in service by November of 2002. Currently we are scheduled to complete the permit process in April of 2003 and to immediately begin the construction phase of the project with commercial operation to immediately follow completion of construction. The combination of additional scope based on final design and the delay of construction and commercial operation has caused additional engineering costs to be identified.

Staff has requested Stanley Consultant, Inc. to submit proposals for the additional engineering services and they are attached to the FBA. An executive summary is as follows:

Change Order #4 - Independent General Contractor schedule development, relocation of water treatment sanitary sewer, bid alternatives and the addition of horizontal and vertical controls into construction drawings. Total change order \$42,650

Change Order #5 - Design changes within Water Treatment facility, modification of design packages, operational driven design changes, project management during schedule extension, plan check requirements, DM&E structural support details, changes to steam pipe specification,


General Manager

3/21/03
Date

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coordination efforts, value engineering, cost evaluations and spreadsheet development. Total Change Order \$147,985

Change Order #6 Resident Project Engineer Adjustment – Original cost estimate was based on 2001-2002 rates and a total of 9 man-months of Resident Engineer services. The current schedule calls for 2003 – 2004 rates for labor and expenses and increases the required time Resident Engineer services are required to 12 man-months. Total additional expenses \$102,600

The additional scopes and changes will increase the total contract amounts to:

Silver Lake Plant Project - \$722,958

Steam & Condensate Project - \$472,722

Stanley Consultants, Inc. has been the engineering firm involved with the development of the project since 1997. They have developed the project design to its current level and are the A&E firm for Mayo on the Prospect Utility Plant portion of the project. RPU and Mayo have been working with Stanley Consultants on the project and are satisfied with their performance.

Attached are the proposals from Stanley Consultants providing scope and ceiling amounts to perform the requested services.

The cost of the plant project, including Stanley's fees, will be recovered through a capital recovery charge component in the steam price to Mayo, while the steam pipeline costs will be an immediate pass-through to Mayo during the construction process.

UTILITY BOARD ACTION REQUESTED:

Staff recommends that the Utility Board approve a resolution requesting the Common Council to approve the additional scope and associated costs to the two contracts with Stanley Consultants Inc. All work will be performed on a time and material basis not to exceed the established ceiling.

The Engineering Services Contract Agreement for the RPU Silver Lake Plant Project and the Engineering Services Contract Agreement for the Steam and Condensate Project will not exceed a total amount of \$1,195,680

General Manager

Date

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FOR BOARD ACTION

Agenda Item # 7

Meeting Date: 3/25/03

SUBJECT: 2003 Water Revenue Adjustment**PREPARED BY:** Curt Kraft, Director of Administration**ITEM DESCRIPTION:**

At the February Board meeting, staff reviewed with the Board the year-end cash position and expected capital expenditures for 2003. The major factors for the staff's recommendation of a rate increase was the continued community growth and the major impact that the Highway 52 project will have on the water utility capital budget.

In accordance with Board policy, staff was directed to provide public notice of a 4% water rate increase to be considered at the March Board meeting. Included in the notice was the impact to the average residential customer of approximately 35 cents per month. The proposed rate schedule is attached.

UTILITY BOARD ACTION REQUESTED:

It is recommended that the Board request the Common Council to approve a 4% increase in water rates effective April 8, 2003.

Larry Koskin
General Manager

3/21/03
Date

ROCHESTER PUBLIC UTILITIES

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FOR BOARD ACTION

Agenda Item # 8

Meeting Date: 3/25/03

SUBJECT: Electric Utility Rate Tariff Changes

PREPARED BY: Bryan Blom, Sr. Financial Analyst

ITEM DESCRIPTION:

The cost-of-service/rate study results were presented to the Board at the February Board meeting along with proposed rate adjustments. The public was notified regarding the proposed rate tariff changes on February 27, 2003.

The proposed adjustments to the Electric Utility rates are designed to be revenue neutral at the customer class level, but move closer to cost-of-service based rates for the individual rate components (energy, customer, demand). The affected customer classes/rates are detailed in the attached schedule. The proposed changes to the tariffs are also attached.

A change to the current Electric Utility Residential GX (Geo-Exchange: ground-source heat pumps) is requested so that it also applies to air-source heat pumps. The proposed rate tariff is referred to as the Residential High-Efficiency HVAC rate. In addition to expanding the applicability of the rate to this new equipment, the proposed rate tariff also specifies minimum equipment efficiency standards necessary to qualify for the rate.

Annually the factors used in the purchased power adjustment clause (PPAC) are updated. The PPAC comes into effect when power supply costs exceed the amount that was built into the rates. The factors are as follows:

	<u>Current</u>	<u>Proposed</u>
Energy cost factor	1.03222	1.01497 (factors in energy losses)
Demand cost factor	0.00192	0.00190 (converts demand cost to \$/kWh)
Base cost factor	\$0.04335	\$0.04202

UTILITY BOARD ACTION REQUESTED:

Approve and recommend to the City Council approval of the following rate schedules effective April 8, 2003.

Residential Service (RES)
 Residential Service – High Efficiency HVAC (RES-HEF)
 General Service (GS)
 General Service Time-Of-Use (GS-TOU)
 Medium General Service (MGS)
 Medium General Service Time-Of-Use (MGS-TOU)
 Purchased Power Adjustment Clause (PPAC)


 General Manager

3/21/03
 Date

